

Children's Services Committee

Item No.....

Report title:	Revenue Budget Monitoring Month 2
Date of meeting:	10 July 2018
Responsible Chief Officer:	Sara Tough Executive Director of Children's Services
Strategic impact The report sets out the Month 2 financial forecast for Children's Services and the programme of transformation and improvement that is continuing.	

Executive summary

This report sets out:

- the financial resources to deliver the Safer Children and Resilient Families Strategy of Norfolk Futures.
- forecast revenue expenditure for 2018/19

Recommendations: That the Committee considers and approves

- (i) the service transformation and improvement achieved
- (ii) the forecast outturn of £3.375m for General Fund Children's Services
- (iii) the forecast use of Children's Services General Fund reserves and provisions
- (iv) the forecast outturn of £3.142m for Dedicated Schools Grant Children's Services
- (v) the management action being undertaken to bring expenditure within budget in 2018/19

1. Service Summary

- 1.1 With a net budget of just over £185m Children's Services provides or oversees a wide range of services to almost 170,000 children of Norfolk. Children's Services has a statutory duty to safeguard and promote the welfare of all these children and young people. Children's Services is committed to engaging all children and young people in the process of improving services to transform lives.
- 1.2 Nationally there are considerable pressures in Children's Services. The Association of Directors of Children's Services reports that between 2010 and 2016:
 - Children assessed as being in need have increased 5%
 - Children in Care have increased by 10%
 - Children subject to a child protection plan have increased by 92%
 - 1 in 10 Children in England has a diagnosable Mental Health Condition.
- 1.3 Children's Services intention is to shift resources downstream over time through effective prevention work and supporting resilience at all levels of need. This must be achieved against a background of rising demand and the tight funding position.

- 1.4 The Children's Services budget is only part of the financial resources invested in Norfolk children. The Directorate works with partners to deliver an integrated approach. Other major sources include:
- Public Health funding
 - The five Clinical Commissioning Groups covering Norfolk commission to meet children's physical and mental health needs
 - Special Educational Needs are funded by the High Needs Block of Dedicated Schools Grant
- The Directorate looks to maximise its service delivery across the different funding sources.
- 1.5 Children's Services vision for children and young people is that they will be safe and live with resourceful and resilient families. Helping at an early stage is a key component of delivering the vision, and reducing the demand on social work teams and the number of looked after children. This is achieved by supporting families with a range of early help and preventative services together with a wide range of partners across Norfolk. Preventative work by an integrated Early Help system that works with right families at the time in the right place will prevent higher costs across Children's Services.
- 1.6 The Directorate's budget for Social Care is £86m. Crucial to delivering a safe, sustainable and effective service is a permanent and high achieving workforce with appropriate caseloads. Developing the Directorate's workforce is important and plans for a Social Work Academy will help attract and retain Social Workers. The Norfolk Institute for Practice Excellence is attracting newly qualified social workers to work with the Council. A wide range of initiatives, including a new social work practice model, will avoid over-reliance on agency social workers. Demand is being managed better by continuously improving our front door arrangements. A review of the Multi-Agency Safeguarding Hub arrangements is underway towards a new way of working.
- 1.7 A significant element of the Social Care budget is used to place Looked After Children. The Directorate's Transformation Plan aims to reduce numbers of looked after children. Children's Services will improve the offer and support to families to enable more children to remain at home where it is safe and sustainable to do so. Placement choice will be improved for looked after children. This will be done by increasing the number, support and skills of our foster carers. Reliance on expensive agency foster carers and residential care will be reduced. This will be achieved against a national background of the highest number of looked after children since the implementation of the 1989 Children's Act.
- 1.8 The Directorate has set clear trajectories to March 2022 for reducing looked after children numbers and improving the mix of service provision. At the end of 2017-18 there was an increase above the trajectory. The Directorate expects to be delivering the planned trajectory by the end of this financial year.
- 1.9 The Education Service with a budget of £39m works to ensure every child has access to high quality education and training. This is a separate County budget of £595m of Dedicated Schools Grant that is passed through to schools or spent on Early Years and central school services provision. The Service works is responsible for many statutory functions. It also works with schools and partners to deliver a wider range of services. The budget also meets the cost of Home to School Transport.

- 1.10 Nationally the number of children with either statements of special educational needs or the new Education, Health and Care plans has increased every year since 2010. In January 2018 the annual rate of increase was 11%. Locally increased numbers of plans create considerable assessment pressures in the service. The County's special schools are full, leading to more Tribunal decisions to place children in independent provision. There is a statutory obligation to provide home to school transport for any child with an Education, Health and Care Plan.
- 1.11 The Service monitors school performance. Important work is continuing to help schools reduce the number of exclusions. The Service also has responsibility for planning school provision to meet the needs of Norfolk's rapidly growing population.
- 1.12 Performance and Challenge with a budget of £9m delivers performance information and management systems. Its work enables the Directorate to deliver all its duties and services. The new LiquidLogic system is fundamental to delivering the Directorate's Strategy. To achieve planned savings and better services commissioning is being improved.

2. Forecast Revenue Outturn General Fund Children's Services

- 2.1 An overspend of £3.375m is currently forecast for General Fund Children's Services. Management action to address these pressures is set out below. It is expected that the Directorate can deliver on budget in 2018-19.
- 2.2 The budget provides over £64m to meet the cost of placements for Looked After Children. This is currently forecasting on budget.
- 2.3 The Directorate is focused on trying to move more children from residential care into fostering. It also aims that more children will be able to return home from their fostering placements. The Directorate expects to meet the planned trajectory for these changes. The trajectory was set out in Norfolk Futures. Delivering the trajectory is enabling Children's Services to remain within the placements budget.
- 2.4 The position is being carefully monitored. The finance support to placement panels has been improved. Performance information in this area has been improved by the implementation of LiquidLogic. This is a spending area where pressures can suddenly arise.
- 2.5 An increase in placements toward the end of 2017-18 is being successfully managed down by several approaches:
 - A recruitment drive and marketing for in-house fostering
 - Developing supported semi-independent accommodation
 - Further improving how the Multi Agency Service Hub and the front door to Children's Services operate
 - Redesigning social work teams to help with administration and make the best use of professional resources
 - Continuing emphasis on early help and preventative services
 - Expansion of the boarding school placement model in appropriate cases

The budget for leaving care client costs is £5.443m and is currently forecasting a £0.644m overspend. This reflects increasing numbers of care leavers.

There is a £273k overspend forecast on the £379k income budget for the Stay Put project.

- 2.6 The budget provides £3.310m for legal costs. There is currently a forecast pressure of £0.600m due to the high level of tribunal cases and other proceedings. It is expected the pressure can be reduced by increased focus on managing this spending area. This will include ensuring legal resource is not used for elements of case preparation that can be carried out more efficiently by other teams. There is an increased level of proceedings being experienced by most Children's Services Authorities.
- 2.7 A single case of support for a child with disabilities requiring extensive nursing support has led to a forecast £312k pressure on the £576k budget for children with extreme nursing needs.
- 2.8 The staffing budget for operational teams is £20.457m. There is currently a forecast pressure of £0.768m. It is expected this can be managed down by further staffing reviews and vacancy management.
- 2.9 Due to losses of government funding, there is a forecast pressure in the £2.248m Troubled Families income budget of £328k.
- 2.10 The budget for Home to School Transport is £29.082m. This is currently showing a forecast pressure of £450k due to increased special school placements.

Forecast Revenue Outturn General Fund Children's Services			
	Expenditure	Budget £m	Variance over (+)/under (1) £m
1	Leaving care client costs	5.443	0.644
2	Staying put grant losses	-0.379	0.273
3	Legal costs	3.310	0.600
4	Child with disabilities with extreme nursing needs	0.576	0.312
5	Staffing costs	20.457	0.768
6	Troubled Families Grant Loss	-2.248	0.328
7	Home to School Transport	29.082	0.450
8	Other budgets	129.067	0.000
9	Total	185.948	3.375

3. Forecast Reserves and Provisions General Fund Children's Services

- 3.1 Projected changes to Children's Services general fund reserves and provisions are set out in the table below.
- 3.2 £1.163m of grants and contributions have been used. In the majority this is to fund Children's Centres.

Forecast Reserves and Provisions General Fund Children's Services				
	Reserve or provision	Balance April 2018 £m	Use	Forecast Balance March 2019 £m
1	Transport days equalisation	0.494	0.081	0.413

2	Holiday pay provision	0.015	0.000	0.015
3	Norwich Private Finance Initiative sinking fund	0.000	0.000	0.000
4	Repairs and renewals fund	0.147	0.000	0.147
5	Information Technology earmarked reserve	0.030	0.000	0.030
6	Post-OFSTED improvement fund	0.004	0.004	0.000
7	Grants and contributions	3.063	1.163	1.900
8	Totals	3.752	1.248	2.504

4. Forecast Revenue Outturn Dedicated Schools Grant Children's Services

- 4.1 An overspend of £3.142m is currently forecast for Dedicated Schools Grant Children's Services. The Dedicated Schools Grant is ring-fenced and is split into ringfenced blocks, the schools block, the central schools block, the high needs block and the early years block. The pressure is within the high needs block. It is proposed to discuss further with partners overall funding of Special Educational Needs and Disability provision. Much of the high needs expenditure is paid to schools.
- 4.2 Management action to address these pressures is set out below. It is expected that the directorate can deliver on budget in 2018-19.
- 4.3 The budget for top-ups for children with Education, Health and Care plans in post-16 further education is £2.800m. There is currently a forecast pressure of £0.553m.
- 4.4 The budget for non-maintained special school placements is £21.042m. There is currently a forecast pressure of £1.847m. This reflects increasing numbers of placements awarded by tribunals. Concerted management action seeks to avoid additional placements and stay within budget.
- 4.5 The budget for alternative education contracts is £4.786m. There is currently a forecast pressure of £0.520m. This reflects increasing take up of alternative education. Concerted management action seeks to avoid additional expenditure and stay within budget.
- 4.6 The budget for high needs funding paid to maintained schools is £28.440m. There is currently a forecast pressure of £0.222m. This reflects increasing numbers of pupils with Education Health and Care Plans. Many local authorities are experiencing increased numbers of these pupils. Concerted management action in liaison with schools seeks to avoid additional expenditure and stay within budget.

Forecast Revenue Outturn Dedicated Schools Grant High Needs Block - Children's Services			
	Expenditure	Budget £m	Variance over (+)/under (1) £m
1	Post-16 further education high needs top-up	2.800	0.553

	funding		
2	Non-maintained special school placements	21.042	1.847
3	Alternative education contracts	4.786	0.520
4	Maintained special school places	28.440	0.222
5	Other budgets	23.874	0.000
6	Total budgets	80.942	3.142

5. Schools balances

5.1 There is a projected decrease in school balances as a result of schools converting to academies and the use of school balances to fund expenditure within the financial year. Cluster balances are planned to decrease as the Local Authority moves away from funding Special Educational Needs through the cluster model.

Projected School Balances as at March 2019					
	Title/description	April 2018 £m	March 2019 £m	Variance £m	Schools becoming Academies £m
1	Nursery schools	0.007	0.030	+0.023	0.000
2	Primary schools	11.765	8.555	-3.210	-0.324
3	Secondary schools	0.562	0.284	-0.278	-0.098
4	Special schools	1.402	1.316	-0.086	0.000
5	School Clusters	1.230	0.688	-0.542	0.000
6	Totals	14.966	10.873	-4.093	-0.422

There are no changes to projected schools' reserves and provisions as set out in the table below.

Schools Reserves and Provisions			
	Reserve or provision	Balance April 2018 £m	Forecast Balance March 2019 £m
1	Non-teaching activities	0.729	0.729
2	Building maintenance partnership pool	2.582	2.582
3	Sickness insurance scheme	0.000	0.000
4	Playing surface sinking fund	0.051	0.051
5	Non-partnership maintenance fund	0.780	0.780
6	Totals	4.143	4.143

6. Capital Programme

6.1 There are no amendments or reprofiling to the approved capital programme for Children's Services. The programme and its financing is set out below.

Children's Services Capital Programme			
		2018-19 £m	2019-21 £m
1	Approved Budget	87.764	45.424
	Financed by		
2	Prudential Borrowing	10.440	
3	Revenue and Reserves	0.000	
4	Grants and Contributions	0.000	
5	Department for Education	57.814	45.424
6	Developer Contributions	18.321	
7	Other	1.189	
8	Total Financing	87.764	45.424

7. Risks

- 7.1 The financial forecast is a middle case forecast. There are however risks that will need to be carefully monitored and managed as the financial year progresses.
- Ensuring the delivery of planned transformation projects
 - The planned rapid pace of improvement in practice and delivery
 - The risk of increasing numbers of looked after children and the availability of the most suitable provision for each child
 - The risk of increasing numbers of children requiring high needs funding
 - An increased level of unavoidable legal proceedings and tribunals
 - Management actions being taken expeditiously to achieve the planned effect within the financial year
 - Continued effective working with partners to achieve coordinated and cost-effective services
 - Continuing improvement and development of the front door to serves and the Multi-Agency Service Hub
 - Attracting and retaining suitably qualified teams to deliver a wide range of services

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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